



## **2013 Notice of Funding Availability (NOFA)**

### **LOUISIANA HOUSING CORPORATION HOME INVESTMENT PARTNERSHIP PROGRAM**

### **Small City and Underserved Areas Initiative**

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The Louisiana Housing Corporation ("LHC" or "Corporation") hereby releases this Notice of Funding Availability (NOFA) for the Preliminary Commitment of \$3,000,000 of HOME Investment Partnership Program funds ("HOME Funds") to be used to implement a Small City and Underserved Areas Initiatives ("Small City and Underserved Areas Initiative").

# Program Design

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The Small City and Underserved Areas Initiative is designed to achieve the following objectives:

- Target rural and cities of less than 25,000 constituting underserved market areas of the State within which the demand for affordable rental housing or housing for first-time homebuyers in the market area does not exceed forty-eight units.
- Provide priority to experienced nonprofit and to experienced but small for-profit developers.
- Provide funds to Community Housing Development Organizations (CHDOs) to expand their capacity to provide housing services.

**Separate Applications are to be submitted for Homeownership Developments and for Affordable Homeownership Developments. Total units in any single application may not exceed twelve (12) units.**

LHC is soliciting small for-profit developers and experienced nonprofit organizations and CHDOs to submit applications to carry out all phases for the planning, acquisition/rehabilitation and/or construction and financing necessary to successfully implement, complete and receive HOME Funds in the Small City and Underserved Areas Initiative. Small for-profit developers are developers who have **not** developed affordable rental housing projects using low-income housing credits (“LIHTCs”) within the past five (5) years.

The Small City and Underserved Areas Initiative will address a portion of the unmet housing needs of the State by focusing on:

## **Small Homeownership Developments**

- Rehabilitation and Infill development of existing neighborhoods
  - Applications for not less than 4 units and not more than 12 units.
- New Construction
  - Applications for not less than 4 units and not more than 12 units.

## **Small Rental Projects**

- Rehabilitation and Infill of existing neighborhood
  - Developments of not less than 4 units and not more than 12 units.
- New Construction
  - Developments of not less than 4 units and not more than 12 units.

**Total HOME Funds for Small Homeownership Developments:                   \$1,500,000**

**Total HOME Funds for Small Rental Developments:                               \$1,500,000**

**The deadline to submit Applications is September 30, 2013 no later than 4:00 p.m.**

## **Environmental Clearance Requirements as of Application Submission**

All applicants are hereby advised that completion of the environmental review process is mandatory before taking any physical action on a site, or making a commitment or expenditure of HUD or non-HUD funds for property acquisition, rehabilitation, conversion, lease, repair or construction activities. "Non-HUD funds" means any Federal, state, local, private, or other funds. Further, the LHC may not commit HOME Funds until HUD has approved a Request for Release of Funds and Certification ("RROF") unless the activity has been determined to be exempt in accordance with 24 CFR §58.34 and §58.35(b). Contractors, owners and developers, including CHDOs, may not commit or expend funds on HOME projects until the LHC has completed the environmental review process.

There are exceptions to the foregoing limitation on actions pending environmental clearance including:

- The purchase of a real estate option subject to the conditions stated in §58.22(b) regarding environmental acceptability and nominal price. It is permissible to purchase a real estate option on a property that is designated for the construction or rehabilitation of a unit with HOME funding prior to the completion of an environmental review, provided the option agreement stipulates that the purchase of the property is subject to a determination by HUD or the State on the desirability of the property for the project as a result of the completion of the environmental review. The cost of the option must also be a nominal portion of the purchase price.
- Funds for relocation assistance may be committed provided that the assistance is required by 24 CFR Part 42.

**Successful Applications will be reserved HOME Funds no later than November 13, 2013. All HOME Funds will be made available at a financial closing in the form of a soft second mortgage loan.**

**LHC requires all potential Applicants to attend the Small City and Underserved Areas Initiative NOFA Orientation Workshop, scheduled for September 4, 2013, at 11:30 am at LHC.** The workshop will cover the requirements of the Small City and Underserved Areas Initiative, how to submit separate applications and discuss the information necessary for an applicant to successfully submit an application.

# Background

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All projects funded through this Initiative must benefit very-low and low income persons. HUD defines “**very low income**” residents as those families whose total household income, adjusted for family size, do not exceed **fifty percent (50%) of the area median income**. HUD defines “**low income**” residents as those families whose total household income, adjusted for family size, do not exceed **eighty percent (80%) of the area median income**.

The maximum amount of HOME funds available to a single project will be the **lower of \$750,000** or the HOME-assisted unit limits based upon HUDs FHA 221(d) (3) limits.

Homeownership Developments: HOME Funds will act as a blanket mortgage loan on all units in a Homeownership Development. The LHC discourages the use of HOME Funds as a development subsidy to reduce the development cost of a home to be sold to a low-income household to the appraised value of the home being sold. Applicants are encouraged to obtain land without costs from a local governmental unit through a cooperative endeavor agreement with such local governmental unit or to pay for the costs of land with other private or government grants. As each home is sold in the Homeownership Development, a portion of the HOME Funds allocable to the unit being sold is repaid to the LHC at time the Home is purchased by a low-income first-time homebuyer and the LHC will release its mortgage lien on the lot upon which the home was constructed.

Rental Developments: HOME Funds will be made available to Rental Developments in the form of a soft junior second mortgage loan repayable over not more than 35 years at an interest rate not in excess of the long term applicable federal interest rate as of the underwriting and subsidy layering review.

**Please note that HOME Funds reserved or committed in which no HOME Funds have been disbursed within 12 months from the commitment will be cancelled automatically by HUD and the HOME Funds and the Project awarded the HOME Funds will removed from HUD’s IDIS system.**

# Submission of Competitive Applications

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**Deadline and Address:** Please submit one original and three (3) copies of your proposal along with one electronic copy (USB or disk) including all required documentation. Proposals must be received by the LHC, in their entirety, by no later than **4:00 p.m. on September 30, 2013**. Each proposal and accompanying documentation shall be submitted in a sealed envelope. The outside of the envelope must be address as follows:

**Louisiana Housing Corporation  
Housing Production  
2415 Quail Drive  
Baton Rouge, Louisiana 70808  
Re: 2013 HOME Initiative**

**Include Applicant/Company Name & Return  
Address**

**Method of Submission:** Proposals and the electronic application diskettes may **not** be delivered via facsimile transmission or other telecommunication or electronic means. Applicants assume the risk of the delivery method chosen, including delivery via private courier or the United States mail. **Please be advised that proposals arriving after the 4:00 p.m. application deadline, whether via personal delivery, U.S. mail, Federal Express, UPS, or other comparable method of delivery, will not be accepted for any reason.**

**Order of Submission:** The application must be submitted in the following order and style:

1. Application Checklist
2. HOME Application beginning with the “LHC HOME NOFA 2013 Application Information Form” followed by the “LHC HOME Project Proposal Form” page (which **must** be signed by the applicant). Each page which is part of the application must then follow in order.
3. Each section and attachment should be individually tabbed.
4. Application Diskette labeled appropriately for Homeownership or Rental Development

## Communication/Questions:

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Guidelines and answers to questions that may arise while completing the application. Applicants may submit questions in writing only to [HOME@lhc.la.gov](mailto:HOME@lhc.la.gov).

**Only written communication via email is allowed during the application period.**

It is the express policy of the LHC that prospective respondents to this NOFA refrain from initiating any direct or indirect contact or communication with LHC staff or members of the

Louisiana Housing Corporation's Board of Directors with regard to the competitive selection of applicants. Any violation of this policy will be considered as a basis for disqualification from consideration. The LHC will produce public records in accordance with LA R.S. Title 44.

This NOFA does not commit the LHC to award any contract nor to pay any costs incurred in the preparation or delivery of proposals. Furthermore, the LHC reserves the right to accept or reject, in whole or in part, any and all proposals submitted, and/or to cancel this NOFA. The LHC also reserves the right to ask for additional information or conduct interviews from/with any applicant and/or all applicants as may be necessary or appropriate for purposes of clarification.

## Purpose

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The purpose of this NOFA is to use HOME Funds to expand the supply of affordable housing in underserved areas of Louisiana. Projects should be designed to further one or more of the following goals of the Louisiana Housing Corporation:

1. Assist in the provision of financially viable, market appropriate housing in the areas of greatest need in the state, to include homeownership development, in rural and urban communities.
2. Prevent the loss of existing residential housing by encouraging the rehabilitation of affordable existing housing units.
3. Participation of small for-profit organizations and experienced non-profit organizations in the acquisition, development and operation of accessible affordable housing developments in rural and urban communities.
4. The production of affordable housing units in rural, emerging growth areas/cities and/or un-served parishes of the State.

An applicant who receives HOME Funds under this NOFA will be expected to carry out all phases of planning and/or construction necessary to successfully implement and complete the HOME Activity. These requirements include ensuring compliance with federal overlay and administrative requirements. These responsibilities may include, but are not limited to:

- o Implementing the project or program activity as proposed in the HOME agreement;
- o Ensuring compliance with reporting requirements;
- o Managing fund disbursement and accounting;
- o Preparing work specifications;
- o Conducting inspections; and
- o Ensuring that all HOME requirements are met for the entire affordability period applicable to the project.

All dwelling units assisted under the HOME Program shall comply with the applicable federal, state, and local codes and ordinances, the rules and regulations for affordable housing set forth at 24 CFR 92.254, Subpart H--"Other Federal Requirements" (such as Affirmative Marketing, Lead-Based Paint Poisoning Prevention Act), and the rules and regulations set forth in 24 CFR Part 92 including Model Energy Code.

# Definitions

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The following definitions apply for purposes of this NOFA:

1. **Affordable Housing Homeownership** -- Housing that is for acquisition by a family must meet the affordability requirements of this paragraph.
  - a. The housing must be one-unit single-family housing.
  - b. The housing must be modest housing as follows:
    - i. In the case of acquisition of newly constructed housing or standard housing, the housing has a purchase price for the type of single family housing that does not exceed 95 percent of the median purchase price for the area.
    - ii. In the case of acquisition with rehabilitation, the housing has an estimated value after rehabilitation that does not exceed 95 percent of the median purchase price for the area.
    - iii. The sale price is within the 95 percent of the area median purchase price for single family housing, as determined by HUD.
    - iv. The housing must be acquired by a homebuyer whose family qualifies as a low- income family and the housing must be the principal residence of the family throughout the period of affordability.
2. **Affordable Housing Rental** – A rental unit where the rent does not exceed 30 percent of the adjusted income of a family whose annual income equals 65 percent of the median income for the area, as determined by HUD, with adjustments for number of bedrooms in the unit. The United States Department of Housing and Urban Development (HUD) provides annual HOME rent limits that include average occupancy per unit and adjusted income assumptions. In rental projects with five or more HOME-assisted rental units, twenty (20) percent of the HOME- assisted units must be occupied by very low- income families and meet one of following rent requirements:
  - a. The rent does not exceed 30 percent of the annual income of a family whose income equals 50 percent of the median income for the area, as determined by HUD, with adjustments for smaller and larger families. HUD provides the HOME rent limits which include average occupancy per unit and adjusted income assumptions.
  - b. The rent does not exceed 30 percent of the family's adjusted income. If the unit receives Federal or State project-based rental subsidy and the very low-income family pays as a contribution toward rent not more than 30 percent of the family's adjusted income, then the maximum rent (i.e., tenant contribution plus

project- based rental subsidy) is the rent allowable under the Federal or State project-based rental subsidy program.

3. **Corporation** – The Louisiana Housing Corporation (LHC)
4. **LHC** – Louisiana Housing Corporation (LHC)
5. **Entity/ Organization** – A legal body (non-profit; for profit, local units of government) that will have legal ownership of the project and property before and after project completion. A developer may contract with an entity or be a part of a development team.
6. **Income Targeting** – The HOME program has Income Targeting requirements. They are: Not less than 90 percent of the families receiving rental assistance (TBRA) are families whose annual incomes do not exceed 60 percent of the median family income for the area, as determined and made available by HUD with adjustments for smaller and larger families at the time of occupancy or at the time funds are invested, whichever is later or the dwelling units assisted with HOME funds are occupied by families having such incomes;
7. **Project** – A site or sites together with any building (including a manufactured housing unit) or buildings located on the site(s) that are under common ownership, management, and financing and are to be assisted with HOME funds as a single undertaking located within a five mile radius of each other within in a single governmental entity (if located within a City, Town or other similar political subdivision then all sites must be within the same political subdivision for rental projects and within in the same parish for homeownership projects. If located outside of a local jurisdiction then all sites must be within the same Parish for both rental and ownership projects). The project includes all the activities associated with the site and building.
8. **Sponsor** – Person(s) with respect to the project concerned, having site control (evidenced by a deed, a sales contract, or an option contract to acquire the property), a preliminary financial commitment, and a capable development team.
9. **Substandard Housing:** Any housing unit which does not satisfy the Habitability Standards and requires Substantial Rehabilitation.
10. **CHDO Developer:** CHDO as a "Developer" when it (1) either owns a property and develops a project, or has a contractual obligation to a property owner to develop a project; and (2) performs all the functions typically expected of for-profit developers, and assumes all the risks and rewards associated with being the project developer. 1) For rental housing, the CHDO must obtain financing, and rehabilitate or construct the project. If it owns the property, the CHDO may maintain ownership and manage the project over the long term, or it may transfer the project to another entity for long-term ownership and management. If it does not own the property, the CHDO must enter into a contractual obligation with the property owner. LHC will not make a reservation of HOME funds to a CHDO for



development unless it has determined that the CHDO has staff with demonstrated development experience and the knowledge and skills necessary to undertake the project.

11. **Minimum Net Financial Resources (for non-CHDO set-aside developer only):** A person or entity alone or in combination with other persons or entities having net assets equal to the applied for HOME Loan/Grant and who has unrestricted liquid assets at least equal to ten percent (10%) of the applied for HOME Loan/Grant.

## Regulatory Authority

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All applications under this NOFA are governed by the state HOME regulations and the federal Final HOME Rule dated September 16, 1996, as amended. If the federal or state statutes or regulations governing the program or its funding are modified by Congress, the Department of Housing and Urban Development (HUD), the state legislature, or LHC prior to completion of work under the local HOME Program, the changes may become effective immediately and apply to the activities funded under this NOFA. LHC reserves the right, at its sole discretion, to suspend or amend the provisions of this NOFA.

This NOFA does not include the text of all applicable regulations that may be important to particular projects. For proper completion of the application, LHC strongly encourages potential applicants to consult the federal HOME Program regulations, and other federal cross-cutting regulations (referred to in Subpart H of the federal HOME regulations). Applicants should also consult the state Uniform Multifamily Regulations (UMRs).

## Funding Available

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A total amount up to \$3,000,000 is being made available for the Small City and Underserved Areas Initiative through this NOFA, pursuant to the Cranston-Gonzales National Housing Act of 1990 HOME Investment Partnership Funds, in accordance with the 2013-Louisiana Consolidated Plan. Funding will be distributed within the categories listed below as follows:

1. **Non-CHDO Development (Homeownership and/or Rental Development)**  
Up to Up to \$1,500,000 awarded under the Homeownership Development pool with a maximum \$750,000 awarded per project.
2. **CHDO Development - (Homeownership and/or Rental Development)**  
Up to \$1,500,000 awarded under the CHDO pool with a maximum of \$750,000 per project.

# Funding Priorities for Each Category of Eligible Projects

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All funds are eligible for use in any underserved area of the state, including in a Local Participating Jurisdiction (Local PJ) as described in the 2013 State of Louisiana Consolidated One-Year Action Plan.

## Funding Uses

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### PRIORITIES

#### A. Homeownership Development

1. HOME funds are used to assist developer to **acquire existing substandard housing and/or vacant land to construct new housing to be sold to low income purchasers.**
2. HOME funds are used to assist developers to **acquire and rehabilitate VACANT substandard properties to be sold after rehabilitation to low income purchasers and to provide Infill opportunity on vacant land.**
3. Pursuant to 24 CFR §92.251, single-family new construction housing must meet all applicable local building codes and building and zoning ordinances in effect at the time of project's completion. In the absence of a locally adopted building code, must meet the 2000 International Residential Code.
4. Housing assisted with HOME funds must have passed an environmental review in accordance with 24 CFR Part 58. Single Family Accessibility Standards must also be met, when applicable.
5. Eligible costs:
  - a. Acquisition of Land – vacant or existing building.
  - b. Hard Cost (site preparation or improvement, including demolition, construction materials and labor).
  - c. Soft Cost (appraisals, architectural/engineering fees, environmental phases, surveys, legal, etc.)

## CHDO CATEGORY

### A. CHDO - Homeownership Development

1. **ONLY** Louisiana LHC certified CHDOs are eligible to apply under this category. Louisiana State certified CHDO for program year 2013 will be posted on LHC's website. A CHDO can submit a joint application with another entity; however, the CHDO must have complete control of the project as a developer.
2. HOME funds are used to assist CHDO developers to **acquire and rehabilitate VACANT substandard properties to be sold after rehabilitation to low income purchasers and to provide Infill opportunity on vacant land.**
3. HOME funds are used to assist CHDO developer to **acquire vacant land to construct new housing to be sold to low income purchasers.**
4. Site Development Restrictions:
  - a. Pursuant to 24 CFR §92.251, single-family new construction housing that if financed by HOME funds must meet all applicable local building codes and building and zoning ordinances in effect at the time of project's completion. In the absence of a locally adopted building code, must meet the 2000 International Residential Code.
  - b. Housing assisted with HOME funds must have passed an environmental review in accordance with 24 CFR Part 58. Single Family Accessibility Standards must also be met, when applicable.
5. Eligible cost :
  - a. Acquisition of Land – vacant or existing building
  - b. Hard Cost (site preparation or improvement, including demolition, construction materials and labor).
  - c. Soft Cost (appraisals, architectural/engineering fees, environmental phases, surveys, legal etc.)

### B. Rental Development (CHDO)

1. HOME funds are used to assist CHDO developers to **acquire and rehabilitate\_substandard properties to be rented after rehabilitation to low income renters, in either rural or urban areas**
2. HOME funds are used to assist CHDO developers to **acquire vacant land to construct new housing to be rented to low income purchasers in either urban or rural areas.**
3. Site Development Restrictions

- A. Pursuant to 24 CFR §92.251, single-family new construction housing that if financed by HOME funds must meet all applicable local building codes and building and zoning ordinances in effect at the time of project's completion. In the absence of a locally adopted building code, must meet the 2000 International Residential Code.
- B. Housing assisted with HOME funds must have passed an environmental review in accordance with 24 CFR Part 58. Single Family Accessibility Standards must also be met, when applicable.
- C. Eligible cost :
  - a. Acquisition of Land – vacant or existing building
  - b. Hard Cost (site preparation or improvement, including demolition, construction materials and labor).
  - c. Soft Cost (appraisals, architectural/engineering fees, environmental phases, surveys, legal, etc.)

## OTHER INFORMATION

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### 1. General Information

- a. Awards under this **HOME NOFA** will impose deadlines for committing and expending funds based upon the activity proposed and other information provided in the application. Any funds not committed or expended within these timeframes will be recaptured by the Agency.
  - b. **HOME** awards may be terminated at any time prior to the award expiration date due the absence of program/project productivity. Funds advanced prior to the termination of a project (whether voluntary or involuntary) must be repaid to the LHC.
  - c. **Changes to Project After Award Any** changes to a program or project after the notice of award must be approved in advance by the Corporation. Changes made without the prior written approval of the Corporation will result in the cancelation of the project and the recapture of all awarded funds.
2. HOME projects awarded under the HOME program must comply with Title VI of the Civil Rights Acts of 1964, the Fair Housing Act, Section 504, Executive Order 11063 and HUD regulations issued pursuant thereto so as to promote greater choice of housing opportunities.
3. Property Type for Homeownership, Rental Housing Development

- a. HOME rental projects may be one or more buildings on a single site, or multiple sites, in the same parish, that are under common ownership.
- b. The project must be assisted with HOME funds as a single undertaking.
- c. The project must include all activities associated with the site or building.
- d. HOME funds may be used to assist mixed-income projects, but only HOME eligible tenants may occupy HOME assisted units.

#### 4. Ineligible Property Types

- a. Properties previously financed with HOME funds during the affordability periods cannot receive additional HOME assistance unless assistance is provided within the first year after project completion.
- b. HOME funds may not be used for development, operations or modernization of public housing financed under the 1973 Act ( Public Housing Capital and Operating Funds)

## Funding Remaining Under Each Category

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If there are insufficient funds remaining in the applicable allocation to fully fund the next highest ranked application, LHC may choose not to fund that application if it determines that the proposed project is not feasible with a partial HOME award. A project requesting more funds than available for a particular set-aside (category grouping) will be considered as nonresponsive and will not be considered.

If there is less demand for any of the allocations relative to the minimum amounts available, the remaining funds may be:

- 1) transferred to another allocation;
- 2) made available under a subsequent NOFA; or
- 3) a combination of both 1) and 2).

## Ineligible Projects

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Projects that have already been funded through the following funding sources are ineligible under this NOFA:

- 1) The Louisiana Housing Trust Fund.
- 2) The Low-income Housing Tax credits 4% and 9% within the past five (5) years.

- 3) Developments on the federal debarment list or an organization representing an entity on the list.
- 4) HOME funds may not be used to provide assistance (other than tenant-based rental assistance or assistance to a homebuyer to acquire housing previously assisted with HOME fund) to a project assisted with HOME funds during the period of affordability established by the participating jurisdiction in the written agreement under §92.504. However, additional HOME funds may be committed to a project up to one year after project completions (see §92.502), but the amount of HOME funds in the project may not exceed the maximum per-unit subsidy amount established under §92.250.
- 5) Projects sponsored, developed or owned by entities that have received notice prior to the issuance of this NOFA that they are currently out of compliance with LHC regarding annual audits or who are in arrears with other LHC financed projects.

## Reimbursement Awards

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HOME Funds awarded under this NOFA will only reimburse costs incurred to develop a project. No HOME Funds will be advanced to reimburse a project cost unless the electronic HOME Funds Requisition Form with back-up invoices and receipts is submitted and approved. No funds will be disbursed until all grant agreements are signed and environmental conditions are satisfied. The LHC will endeavor to reimburse costs with the appropriate documentation as timely as possible but all developers/project sponsors must have the financial capacity to carry a project cost for up to two months while awaiting reimbursement.

## Matching/Leverage Consideration

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Use of HOME funds under this NOFA generates a match liability of 25% of the HOME Funds awarded. All projects generate a match liability. While not a scoring criteria match indicated by the applicant if it meets the definition of the HOME program will be used to break ties in scoring. All projects must provide a minimum of at least fifteen percent (15%) of the total development costs from sources other than the HOME program. No project will be funded if the only funding source is HOME.

## Eligibility and Compliance

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1. All HOME funds must be spent in accordance with HOME Program rules and regulations and on eligible HOME activities.
2. All Projects must meet a national objective: primarily benefiting very low and low income persons defined as at or below 80% of the area median household income.
3. A feasibility and viability analysis will be performed on all applications to determine the

maximum amount of HOME funds that may be awarded to the Project (**applies to Rental and Homeownership Development projects**). No Project will receive more funding than necessary and reasonable. LHC reserves the right to determine the award based on its underwriting criteria.

4. **Formal market studies are mandatory on all projects.** Market studies should evidence the housing needs of targeted households, large families, tenants with children, special needs households (if Project serves special needs households) in the market area, and the unmet needs of such individuals and families following the construction and/or development of the Project. Projects may not give preferences to potential tenants based upon residing in the jurisdiction of a particular government, having a particular disability or being a part of a specific occupational group. Components of the market study are required to include:
  - a. The Project's capture rate
  - b. The Project's absorption rate
  - c. The vacancy rate at comparable properties (what qualifies as a comparable will vary based on the circumstances).
  - d. The Project's ability to meet housing demand established in the market study.
  - e. A description of the proposed property site along with a map site identifying area of the Project. Color photographs of the site and neighborhood, a map clearly identifying the location of the project and the closest transportation linkages, shopping, schools, medical services, public transportation, places of worship and other services such as libraries, community centers, banks, etc.
  - f. Analysis of the income qualified renter demand in the market area.
  - g. Geographic definition and analysis of the primary and secondary market area which Project serves including a discussion of the local/community perspective of rental housing market and housing alternatives.
  - h. The Independent Qualified Housing Consultant must identify all multifamily housing developments in the primary market area of the proposed project, which are financed by HUD, Louisiana Rural Development, and the LHC. (**applies to Rental, and Homeownership Development projects**).
  - i. The Market Studies must be ordered for an LHC approved vendor.
5. Projects must evidence commitments necessary to undertake the development at the time of application submission. Project must begin and make its first draw within 12 months of the date of the conditional commitment and must break ground within 18 months of the date of the conditional commitment. **Failure to meet this requirement will result in a cancellation of the project and the recapture of the funds by the LHC.**
6. HOME funds will be in the form of a loan. Loans may be set with rates and terms

established by the LHC. The repayment of the loan is considered program income and the use of the repayments must be approved and monitored by the LHC. Include any proposed use of the repayments by the applicant in your Project proposal for LHC review and approval. Proposed terms that would result in over subsidy will be rejected or modified by the Agency.

7. If HOME funds are proposed for use to pay for acquisition costs and activities, (the applicant city, parish, or developer) must follow the procedures of the Uniform Relocation and Real Property Acquisition Act to acquire the project site. The procedures must be followed prior to the site acquisition. HOME funds cannot be used to pay or reimburse an applicant for site acquisitions activities that do not comply with the requirements of the Uniform Act.
8. Prevailing Wage Rate Compliance: If HOME funds are proposed for rehabilitation and renovation cost activities or new construction of 12 or more housing units, the Project budget costs must be based on the prevailing wage residential rates.
9. HOME-assisted housing must meet all applicable state and local housing quality standards and code requirements. In the absence of such standards or code requirements, the housing must meet the Housing Quality Standards in 24 CFR §982.401.
10. Housing that is constructed or rehabilitated with HOME funds must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances at the time of project completion. All other HOME-assisted housing (e.g., acquisition) must meet all applicable state and local housing quality standards and code requirements and if there are no such standards or code requirements, the housing must meet the housing quality standards in 24 CFR 982.401. (Must be met for the entire affordability period)
11. The housing must meet the accessibility requirements at 24 CFR part 8, which implements Section 504 of Rehabilitation Act of 1973 (29 U.S.C. 794) and covered multifamily dwellings, as defined at 24 CFR 100201, must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619). (Must be met for the entire affordability period)
12. Construction of all manufactured housing must meet the Manufactured Home Construction and Safety Standards establish in 24 CFR Part 3280. These standards pre-empt State and local codes covering the same aspects of performance for such housing. Manufactured housing that is rehabilitated using HOME funds must meet the requirements set out in paragraph (a) (1) of this section. (Must be met for the entire affordability period) (Rental & Homeownership)
13. Affordability Requirements-The affordability period for each newly-developed unit is based on the amount of HOME funds invested pursuant to 24 CFR §92.254. In the event that the housing unit is sold, the Agency will recapture the shared net proceeds available based on the requirements of 24 CFR §92.254 and the housing unit must be sold for an amount not less than the current appraised value as then appraised by the appropriate governmental authority unless the balance on the Loan will be paid at closing.
14. Minimum HOME assistance per unit-The minimum HOME assistance amount per unit



may not be less than \$1,000.00.

15. Maximum Purchase Price for Single Family - The housing must be modest housing as follows:

- a. In the case of acquisition of newly constructed housing or standard housing, the housing has a purchase price for the type of single family housing that does not exceed 95 percent of the median purchase price for the area;
- b. In the case of acquisition with rehabilitation, the housing has an estimated value after rehabilitation that does not exceed 95 percent of the median purchase price for the area.

16. Performance Bond – Each funded application that receives an award of (HOME funds) will be required to post a performance bond during the period of construction sufficient to cover the HOME award.

17. Completed Projects – All units identified in a single project are a 100% complete.

18. Financial Requirements

**Performance Bond:** Each funded application that receives an award of HOME funds will be required to post a performance bond during the period of construction sufficient to cover the HOME award if they do not qualify for the exemption specified in Minimum Net Financial Resources definition.

**Non-CHDO Set-Aside Applicants (whether a CHDO or not):** Only a developer that would qualify for the waiver of the performance bond may be funded. The Waiver is granted when the developer can meet the requirements of Minimum Net Financial Resources.

**Minimum Net Financial Resources:** A person or entity alone or in combination with other persons or entities having net assets equal to the applied for HOME Loan/Grant **and** who has unrestricted liquid assets at least equal to ten percent (10%) of the applied for HOME Loan/Grant. Proof of this is through submittal of audited financials, bank statements or statements from the management agent handling the developer's accounts.

**Applicants unable or unwilling to provide the required information indicated above will not be funded under this NOFA.**

19. CHDO Capacity Requirements

The *Consolidated and Further Continuing Appropriations Act of 2012* (P.L 112-55) imposed new requirements on projects that receive FY 2012 funds from the HOME Investment Partnerships Program (HOME). Among other requirements the law requires that the State may only provide FY 2012 HOME funds for development activities to Community Housing Development Organizations (CHDOs) that have demonstrated that they have staff with demonstrated development experience. Consultants are not counted as staff but the CHDO may have contracted staff that can be used to meet the qualifications for the capacity requirements. Contracted staff must be so contracted for a period of time and not for a

particular project. Staff does not include volunteers; board members or consultants. Information in the form of resumes for each staff counted must be submitted with the application. CHDO are required to have staff that meets the requirements:

### **Staff Development Experience**

1. Staff classification and documentation – To be counted as staff, the person must be employed by the CHDO, and documentation is needed.
  - a. Full time or part time employment – This would be evidenced by a payroll report or a W-4 or a W-2.
  - b. Contracted staff – This would be evidenced by a “contract” for employment and a W-9 and 1099 (at the end of a year).
2. Relevant development experience – Document the basis for answers to the applicable project type.
  - a. Homeownership development – Has the staff person been involved in the acquisition, rehabilitation/construction and sale of homebuyer housing? Previous experience purely in counseling, marketing, or financing activities is not sufficient to be considered development experience.
  - b. Rental development – Has the staff person been involved in the acquisition, rehabilitation/construction and/or ownership/operation of rental housing?

### **CHDO Organization Capacity**

The LHC must consider the organizational capacity of the CHDO. The LHC will review information submitted to determine if the CHDO has the organizational capacity to undertake an award under the current NOFA. Factors that the LHC will consider include:

- a. Organizational structure – Can the current corporation structure support housing development activities, or is there a need for a subsidiary or other organizational structure for future development? Are there operations or activities that need to be organizationally separate from housing development activities and portfolios?
- b. Management structure/practices – Does the current management have the ability to manage additional development activities? Are the corporate lines of authority for development activities clear? Are policies & procedures in place governing development activities?
- c. Pipeline/portfolio – What does the CHDO have as its current project pipeline and program responsibilities? Will it be able to handle the additional project proposed? If the organization pursues housing development, what other activities are likely to suffer or not be able to be pursued due to the effort required for

development activities? Does its portfolio of projects/properties evidence competent management and oversight? Do the properties appear to have adequate funding?

**Applicants under this NOFA that do not meet the Staffing Development Experience and/or the CHDO Organizational requirements will not be funded.**

## **Additional Information Required for Rehabilitation Projects**

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**Applicant is required to submit a Capital Needs Assessment as described below:**

- A. An independent, experienced third party must perform the Capital Needs Assessment and this party can have no financial interest in ownership of the development (i.e. not a member of the development team). It is required that a licensed professional, such as an engineer/architect, perform the assessment and supply the LHC with their professional opinion of a property's current overall physical condition. This includes the identification of significant deferred maintenance, existing deficiencies, and material building code violations that affect the property's use and its structural or mechanical integrity.
  - i. The assessment shall include a site visit and physical inspection of the interior and exterior of units and structures, as well as an interview with available on-site property management and maintenance personnel to inquire about past repairs/improvements, pending repairs and existing or chronic physical deficiencies. The assessment should include an opinion as to the proposed budget for recommended improvements and should identify critical building stems or components that have reached or exceeded their expected useful lives. The assessment should also include recurring probable expenditures for significant systems and components impacting use and tenancy, which are not considered operation or maintenance expenses, in order to determine the appropriate replacement reserve deposits on a per unit per year basis.
- B. The following components should be examined and analyzed for a capital needs assessment:
  - i. Site, including topography, drainage, pavement, curbing, sidewalks, parking, landscaping, amenities, water, sewer, storm drainage, gas, and electric utilities and lines;
  - ii. Structural systems, both substructure and superstructure, including exterior walls and balconies, exterior doors and windows, roofing system, and drainage;
  - iii. Interiors, including unit and common area finishes (carpeting, vinyl tile, plaster walls, paint condition, etc.), unit kitchen finishes and appliances, unit

bathroom finishes and fixtures; and common area lobbies and corridors;

iv. Mechanical systems, including plumbing and domestic hot water, HVAC, electrical, and fire protection; and

v. Elevators (if applicable)

# COMPETITIVE APPLICATION SECTION

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## HOMEOWNERSHIP DEVELOPMENT SCORING

Proposed projects will be reviewed and scored on a competitive basis relative to the evaluation criteria below.

### 1. EXPERIENCE AND QUALIFICATIONS (16 points)

#### **Developer Experience (10 points)**

Points are awarded for completing affordable housing projects on time and within budget in the last five years (by the Developer,).

- a. Two (2) points will be awarded for each project completed within the last 5 years (up to 6 points).
- b. Two (2) points will be awarded for each additional project above three completed within the last 5 years (up to 4 points).

#### **Developer Financial Strength (6 points)**

- a. Points are awarded based on evidence that the Developer is financially sound, based on audited financial statements from the past two years, and will be able to sustain the costs of effectively following through with the current proposal.

### 2. PROJECT BUDGET (10 points)

#### **Project Budget and Construction Cost Reasonableness (10 points)**

- a. Project budget is complete and anticipated development costs to include acquisition, hard cost, soft cost; and construction cost that are necessary and reasonable. LHC will conduct a construction cost reasonableness analysis to determine **if within** 20% variance.

#### **Project Budget and Construction Cost Reasonableness (5 points)**

- a. Project budget is complete and anticipated development costs to include acquisition, hard cost, soft cost; and construction cost that are necessary and reasonable. Construction cost reasonableness is **outside** of the 20% variance.

### 3. FUNDING COMMITMENT ( 20 points)

#### **Funding Commitments:**

- a. Degree to which outside funding has been committed (**20 points**).
- b. Enforceable funding commitments must be provided to receive points. Letters of Interest are not sufficient.
- c. Points are awarded based on proportionality of firm commitments

### 4. LEVERAGING (15 points)

HOME Program Funding Relative to Total Project Costs Equals:

- a. 25% or less -- (**15 points**)
- b. 26% - 50%-- (**12 points**)

- c. 51% - 75% -- (9 points)
- d. 76% - 90% -- (6 points)

**5. AVERAGE HOME SUBSIDY PER UNIT (20 points)**

- a. Less than \$10,000 -- (20 points)
- b. \$10,001 - \$20,000 -- (15 points)
- c. \$20,001 - \$30,000 -- (10 points)
- d. \$30,001 - \$40,000 -- (5 points)

**6. PROJECT READINESS & DEVELOPMENT SCHEDULE (2.5 points per item, 10 total points)**

All Projects developed under this program can realistically be sold following LHC approval:

- a. Points are awarded for sites that have obtained discretionary public land use approvals (obtaining building permits is not necessary to score points).
- b. Projects that have completed environmental clearance review.
- c. Project has secured a firm executed contract from General Contractor
- d. Developer certification of Pre-Qualified home buyers

**7. LOCAL GOVERNMENTAL SUPPORT: (20 points)**

- a. Reduces project development costs by providing CDBG, HOME, or other governmental assistance/funding in the form of loan, grants, rental assistance, or a combination of these forms or by:
  - 1) Waiving water and sewer tap fees;
  - 2) Waiving building permit fees;
  - 3) Foregoing real property taxes during construction;
  - 4) Contributing land for project development;
  - 5) Providing below market rate construction and/or permanent financing;
  - 6) Providing an abatement of real estate taxes

**8. AFFORDABILITY – Homeownership Development Projects (10 points)**

LHC will review the affordability data supplied by the applicant and will use it to calculate the income level to which the housing will be affordable. **All housing assisted with HOME funds must** be affordable to families with incomes of **eighty percent (80%)** of the area median family income or below.

- a. 100% HOME assisted units at 80% medium income – **10 points**  
Affordability data realistically estimates principal, interest, taxes, and insurance for subject properties. A hundred percent (**100%**) housing assisted with HOME funds will be affordable to families with incomes as low as **80%** of the area median family income.
- b. 75% HOME assisted units at 70% area medium income – **8 points**  
Affordability data realistically estimates principal, interest, taxes, and insurance for subject properties. Seventy-five (**75%**) of the homes will be affordable to families with incomes as low as **70%** of the area median family income.
- c. 60% HOME assisted units at 60% area medium income – **6 points**  
Affordability data realistically estimates principal, interest, taxes, and insurance for subject properties. Sixty percent (**60%**) of the homes will be

affordable to families with incomes as low as **60%** of the area median family income.

**9. LOCATION (6 points)**

**A (Points in this section are capped by the applicant's selection and verified through submitted market study)**

**1 point <= (1) mile**

- a. Points will be awarded to projects which include location that are **NOT** located on wetlands.
- b. Points will be awarded to projects which include location that are **NOT** located within 3000 feet of a railroad.
- c. Points will be awarded to projects which include location that are **NOT** located in airport noise zone contour above 65db.
- d. Points will be awarded for projects that prove water service will be provided upon completion.
- e. Points will be awarded for projects located within 1 mile of Educational Facilities, Commercial Facilities, Health Care Facilities, Social Services, Grocery Store, Public Library, Public Transportation (shuttle services excluded), Hospital/Doctor Office or Clinic, Bank/Credit Union (must have live tellers), Post Office, Pharmacy/Drug Store, Louisiana Licensed (current) Adult/Child Day Care/After School Care.
- f. Points will be awarded when the project will have no effect on a historic property or district.

**10. SAMPLE PRELIMINARY PLOT PLANS and ELEVATIONS (10 points)**

**a. Sample floor plans (10pts)**

Sample floor plans and elevations include design features that are consistent with existing neighborhood housing stock.

**b. Sample schematic designs (5 points)**

Sample schematic designs that are consistent with existing neighborhood housing stock.

**11. NEIGHBORHOOD SUPPORT (10 points)**

**a. Letters of Support (10 points)**

Proposal application includes three letters of support from local neighborhood organization in the area of the proposed project

**b. Letter of support (5 points)**

Proposal application includes one letter of support from local neighborhood organization in the area of the proposed project.

**12. MBE/WBE PARTICIPATION (5 points)**

- a. Entities anticipated to be involved in implementing the Project include registered Louisiana minority-or women-owned business enterprises (MBE/WBE) **(5 points)**

**13. PROJECT IS LOCATED IN ONE OF THE 11 DESIGNATED  
TARGET PARISHES (20 points)**

Project is located in: Madison, Concordia, Franklin, Tensas, East Carroll,  
Morehouse, Washington, St. Landry, Natchitoches, Claiborne or Bienville (20  
points)



## CHDO RENTAL DEVELOPMENT SCORING

Proposed projects will be reviewed and scored on a competitive basis relative to the evaluation criteria below.

### 1. EXPERIENCE AND QUALIFICATIONS (60 points)

#### CHDO Developer Experience (12 points)

Points are awarded for completing affordable housing projects on time and within budget in the last five years (by the Developer, not other team members).

- a. Two (2) points will be awarded for each project completed within the last 5 years (up to 6 points).
- b. Two (2) points will be awarded for each project completed above three (3) within the last 5 years (up to 6 points).
- c. If the CHDO is a joint venture, projects will be scored based on the experience of the CHDO. Where partners have approximately equal participation, the individual scores of each partner will be averaged.

#### CHDO Developer Capacity & Staffing (24 points)

- a. Points are awarded based on evidence that the lead staff, including the Project Manager and supervisory staff, proposed to work on the current proposal have the necessary experience, and that the Project Manager has the necessary time availability.
- b. *Up to 20 points* will be awarded for staff experience (up to 12 points for contracted staff), and up to 4 points will be awarded for time availability. Where both staff and contracted staff are used the score will be averaged.

#### CHDO Developer Financial Strength (24 points)

- a. Points are awarded based on evidence that the Developer is financially sound, based on audited financial statements from the past two years, and will be able to sustain the costs of effectively following through with the current proposal. This will be determined by the number, amount and percentage of other funding sources, dependability of other funding. Percentage of earlier projects showing a positive cash flow position and the amount of available unrestricted cash on hand.

### 2. PROJECT BUDGET (10 points)

#### Project Budget and Construction Cost Reasonableness (10 points)

- a. Project budget is complete and anticipated development costs to include acquisition, hard cost, soft cost; and construction cost that are necessary and reasonable. LHC will conduct a construction cost reasonableness analysis to determine **if within 20%** variance. (10 points)

#### Project Budget and Construction Cost Reasonableness (5 points)

- a. Project budget is complete and anticipated development costs to include acquisition, hard cost, soft cost; and construction cost that are necessary and reasonable. Construction cost reasonableness is **outside** of the 20% variance.

### 3. FUNDING COMMITMENT (20 points)

**Funding Commitments:**

- a. Degree to which outside funding has been committed (**20 points**).
- b. Enforceable loan commitments must be provided to receive points. Letter of interest are not sufficient.
- c. Points are awarded based on proportionality of firm commitments.

**4. LEVERAGING (15 points)**

HOME Program Funding Relative to Total Project Costs Equals:

- a. 25% or less -- (**15 points**)
- b. 26% - 50%-- (**12 points**)
- c. 51% - 75% -- (**9 points**)
- d. 76% - 90% -- (**6 points**)

**5. AVERAGE HOME SUBSIDY PER UNIT (20 points)**

- a.....Less than \$10,000 -- (**20 points**)
- b.....\$10,001 - \$20,000 -- (**15 points**)
- c.....\$20,001 - \$30,000 -- (**10 points**)
- d.....\$30,001 - \$40,000 -- (**5 points**)

**6. PROJECT READINESS & DEVELOPMENT SCHEDULE (10 points)**

All Projects developed under this program can realistically be rented following LHC approval:

- a. Points are awarded for sites that have obtained discretionary public land use approvals (obtaining building permits is not necessary to score points).
- b. Projects that have received Agency development funding under CHDO within the last five years and are returning for additional gap financing will not be eligible for points in this category.

**7. LOCAL GOVERNMENTAL SUPPORT: (20 points)**

- a. Reduces project development costs by providing CDBG, HOME, or other governmental assistance/funding in the form of loan, grants, rental assistance, or a combination of these forms or by:
  - 1) Waiving water and sewer tap fees;
  - 2) Waiving building permit fees;
  - 3) Foregoing real property taxes during construction;
  - 4) Contributing land for project development;
  - 5) Providing below market rate construction and/or permanent financing;
  - 6) Providing an abatement of real estate taxes

**8. AFFORDABILITY – Rental Development Projects (10 points)**

LHC will review the affordability data supplied by the applicant and will use it to calculate the income level to which the housing will be affordable. **All housing assisted with HOME funds must** be affordable to families with incomes of **eighty percent (80%)** of the area median family income or below.

- a. ....  
100% HOME assisted units at 80% medium income – (**4 points**)  
Affordability data realistically estimates principal, interest, taxes, and insurance for subject properties. A hundred percent (**100%**) housing assisted with HOME

funds will be affordable to families with incomes as low between **75% and 80%** of the area median family income.

- b. ....**  
75% HOME assisted units at 70% area medium income – **(6 points)**  
Affordability data realistically estimates principal, interest, taxes, and insurance for subject properties. Seventy-five (**75%**) of the homes will be affordable to families with incomes between **74% and 70%** of the area median family income
- c. ....**  
60% HOME assisted units at 60% area medium income – **(8 points)**  
Affordability data realistically estimates principal, interest, taxes, and insurance for subject properties. Sixty percent (**60%**) of the homes will be affordable to families with incomes between **69% and 60%** of the area median family income-
- d. ....**  
40% HOME assisted units at 40% area medium income **(10 points)**  
Affordability data realistically estimates principal, interest, taxes, and insurance for subject homeownership properties. Forty percent (**40%**) of the housing will be affordable to families with incomes between 59% and **40%** of the area median family income.

#### **9. LOCATION (6 points)**

- a.** Points will be awarded to projects which include location that are **NOT** located on wetlands.
- b.** Points will be awarded to projects which include location that are **NOT** located within 3000 feet of a railroad or for which an approved noise study indicates noise exposure is in the acceptable range
- c.** Points will be awarded to projects which include location that are **NOT** located in airport noise zone contour above 65db
- d.** Points will be awarded for projects that prove water service will be provided upon completion.
- e.** Points will be awarded for projects located within 1 mile of Educational Facilities, Commercial Facilities, Health Care Facilities, Social Services, Grocery Store, Public Library, Public Transportation (shuttle services excluded), Hospital/Doctor Office or Clinic, Bank/Credit Union (must have live tellers), Post Office, Pharmacy/Drug Store, Louisiana Licensed (current) Adult/Child Day Care/After School Care
- f.** Points will be awarded when the project will have no effect on a historic property or district.

#### **LOCATION/SITE (Conversion/Rehab) (25 points)**

- a.** Points will be awarded for projects when the buildings in the project do not contain lead based paint (proven either through an inspection report from a Certified Lead Paint Inspector or Risk Assessor or the building were built after 1978).
- b.** Points will be awarded for projects where the building does not contain asbestos.
- c.** Points will be awarded for projects where the site is not located in a floodplain.

- d. Points will be awarded for projects where the cost of the conversion/rehab will be less than 50% of the current value of the building. (Must provide appraisal to establish before and after value)
- e. Points will be awarded for projects located within 1 mile of Educational Facilities, Commercial Facilities, Health Care Facilities and Social Services Points will be awarded when the project will have no effect on a historic property or district.

#### **10. SAMPLE PRELIMINARY PLOT PLANS & ELEVATIONS (10 points)**

##### **Sample floor plans (10 points)**

- a. Sample floor plans and elevations include design features that are consistent with existing neighborhood housing stock.

##### **Sample schematic designs (5 points)**

- a. Sample schematic designs that are consistent with existing neighborhood housing stock. To receive credit photos of the neighboring properties must be submitted. Neighboring properties include all properties/structures on the same block including across the street. Photos need to be labeled and indicated on a block map.

#### **11. NEIGHBORHOOD SUPPORT (10 points)**

##### **Letters of Support (10 points)**

- a. Proposal application includes three letters of support from local neighborhood organization in the area of the proposed project and at least one local government support letter.

##### **Letter of support (5 points)**

- a. Proposal application includes one letter of support from local neighborhood organization in the area of the proposed project.

#### **12. MBE/WBE PARTICIPATION ( 5 points)**

Entities anticipated to be involved in implementing the Project include registered Louisiana minority-or women-owned business enterprises (MBE/WBE) (5 points)

#### **13. PROJECT IS LOCATED IN ONE OF THE 11 DESIGNATED TARGET PARISHES (20 points)**

Project is located in: Madison, Concordia, Franklin, Tensas, East Carroll, Morehouse, Washington, St. Landry, Natchitoches, Claiborne or Bienville (20 points)